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the young men in large numbers. For comparison in this connection, the figures of the last census of the United States would be very interesting.

It is possible that, in this census of Japan, the ages have been estimated according to the old Japanese method of reckoning, and need, therefore, to be somewhat diminished; but it seems more likely that the modern European calendar, officially adopted in Japan in 1873, would be employed in an imperial census.

ERNEST W. CLEMENT.

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### APPRECIATION OF GOLD.

IN view of the new agitation in England relative to the question whether the scarcity of gold has been the cause of the fall of prices and the cause of many economic ills to society, it may not be amiss to call attention to an article by Professor Edgeworth, of Oxford, written in 1889.<sup>1</sup>

The main purpose of the article was to discuss the proper sense in which an average of prices could be used, or what is the meaning of appreciation. The writer ably raises the question whether an average of prices means anything, in a condition of facts such as ensued after 1873, when one group of commodities did not fall, and another showed a fall in prices. If, of 100 articles, 51 rose and 49 fell in price, what meaning is there in saying there was an average fall of prices, even if the arithmetic brought out that result for the whole 100? As Professor Edgeworth expresses it: "There are, however, certain categories of prices which exhibit no fall, but rather a rise; perhaps capable of being grouped into a distinguishable, but not altogether separate, type. Under such circumstances it is a nice question for practical judgment whether we can at least posit a unique type." On this point, as to the various conceptions of appreciation, the writer has thrown no little light; but when he touches the other points with which the practical public are concerned, one cannot so easily follow him.

On one part of the argument given by other writers he may possibly not have understood them. "On this question are we to side with Messrs. Forsell, Laughlin and Wells, or with the bimetallists? I fear that I cannot give an unqualified assent to the advocates on either of the sides. On the one hand, many of the arguments used to prove

<sup>1</sup> *Quarterly Journal of Economics*, January, 1889.

that there has not been a fall in general prices appear to me altogether wide of the mark. To assert with Mr. Laughlin<sup>1</sup> and others that, in order to prove a general fall, you must prove a fall in every article, is wholly to ignore the character of the investigation." Professor Edgeworth in this statement has wholly misunderstood my argument. I, at least, never contended that, "in order to prove a general fall, you must prove a fall in every article." Accepting the fact of a decline in prices, my contention was solely that the *cause* of the decline could not be a scarcity of gold; since, if there was a single cause for the fall, then this cause should show itself in all, or nearly all, the commodities quoted. And I also gave elaborate data to show that the causes of the decline in prices, whenever appearing, could be explained by other than references to the scarcity of gold. I do not wish, therefore, to be quoted as arguing that there has been no fall of prices, in whatever sense that may be taken by Mr. Edgeworth.

In fact, one might well have agreed with Mr. Edgeworth's words when he says: "Similarly, I am prepared to accept the statement that there has been an average decline of prices by so much per cent." But in the very next sentence he makes an attempt at giving the cause—which is the real point at issue—as if it were a mere paraphrase of the former sentence: "Or, translating this statement into other terms (according to the reasoning above explained), I think it quite likely that throughout the civilized world there has been a decrease of money in relation to the work which it has to perform." One must strongly dissent from this reasoning; the more as it is not substantiated by the facts. To say that a decline of prices is synonymous with a decrease of money in relation to the work which it has to perform, is to grant the whole point at issue; for I contend that, granting the fall of prices, it does not prove anything as to a scarcity of gold, the less so as France and other countries are collecting gold in unprecedented quantities.

Mr. Edgeworth's position is the more inexplicable because he closes the article by these significant words: "As to the cause of this phenomenon [*i. e.*, the decline of prices], I do not pretend to an important opinion. If, in the eternal race between gold and goods, gold seems at present to have fallen behind, I leave it to nicer observers to determine *whether it is the gold which has been curbed or the goods which*

<sup>1</sup> *Quarterly Journal of Economics*, April, 1887.

*have been spurred, or whether and in what degree both agencies may have operated."* In this passage, he very clearly refuses to say that a decline in prices has been caused by a scarcity of gold, and in that opinion I most heartily concur.

J. LAURENCE LAUGHLIN.

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## OUR COMMERCIAL RELATIONS WITH THE HAWAIIAN ISLANDS.

DURING the month of January the Hawaiian Islands suffered a revolution. The authority of the queen was set aside, a provisional government constituted, and a commission sent to Washington to petition for the annexation of the islands to the United States. On the 1st of February, at the suggestion of the provisional government, the United States minister hoisted the flag of his country over one of the principal buildings of Honolulu and proclaimed that the islands were under the protection of the United States.

One of the principal causes of this remarkable event is to be found in the commercial relations of the two countries. To trace this cause from the beginning it is necessary to go back nearly twenty years.

The Hawaiian Islands, from their location, find their natural market in the United States. But our government formerly levied a heavy duty on the article sugar, which forms their chief product. For years the efforts of the Hawaiian government were directed to securing release from this burden. Finally, on January 30, 1875, the representatives of the two governments signed a reciprocity treaty<sup>1</sup> which provided that, in return for the admission of certain products of the United States into the islands free of duty, certain Hawaiian products, the chief of which were sugar and rice, should be exempt from duty when imported into the United States. Provision was made to carry out this treaty on the part of the United States by the act of Congress of August 15, 1876. It went into effect on the signing of a protocol by the representatives of the two powers, September 9, 1876. By its terms this treaty, or convention, as it is strictly called, was to last for seven years, after which either party might abrogate it on a year's notice. On December 6, 1884, a convention<sup>2</sup> was signed pro-

<sup>1</sup> "Treaties and Conventions between the United States and Other Powers," p. 546.

<sup>2</sup> *Ib.*, p. 1187.